

1939 Cotton Marketing Quota Letter No. 20.

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
Washington, D. C.

JAN 30 1941

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no. 20

November 2, 1940.

To All Administrative Officers and State Committeemen,  
Agricultural Adjustment Administration,  
Southern Region:



Re: Audit of Form Cotton 350 and Reconciliation  
of Records

Form Cotton 350, prepared pursuant to Section 224 of Cotton 308-Part II, was required to be executed for the dual-purpose of reflecting the status of farm accounts as of the close of the 1938-1939 marketing year with a view to opening records for the 1939-1940 marketing year and reconciling the records of the county offices with the records of the State office and the office of the Comptroller of the Agricultural Adjustment Administration. Due in part to the volume of penalties incurred during the 1938-1939 marketing year which remained unpaid at the close of that year and in part to the volume of collections of such penalties being made throughout the 1939-1940 marketing year, as well as the necessity to compare parts of the information shown on Forms 350 with information shown on Forms 361, no written instructions have been made available to State offices concerning a reconciliation of the records. However, the necessity of reconciling the records and keeping them in balance has been discussed in conferences with representatives of State offices and by representatives of this Division while visiting the State offices.

Since the amount of unpaid penalties has been greatly reduced by collections through setoff or otherwise, it is felt necessary that such a reconciliation should now be made and the results tabulated and forwarded to this Division. This involves an audit of Forms 350 and a reconciliation of county and State records, as well as striking a balance with the records of the Comptroller. This audit was made in part in connection with placing producers on the register of indebtedness for the amount of unpaid penalties and many State offices have kept their records in constant balance with the records of the Comptroller. The parts of this audit which have already been made need not be repeated. However, it may be that the Form 350 for many counties is not current due to the fact that supplemental Forms 350 have not been received in the State office. In such event, it will be necessary to procure and audit supplemental Forms 350 showing collections not shown on previous Forms 350.



A. Audit for Individual Farms

The entries on Form 350 for each farm should be examined and audited with respect to the following:

1. The 1938 farm serial number should appear in column 1 opposite the name of the first producer shown in column 2 for the farm and the word "Total" should appear in column 1 on the next line beneath the line on which the name of the last producer is shown in column 2 for the farm.

2. The name of each producer on the farm should appear in column 2, but the name need not be checked against other records of the State office.

3. The 1939 farm serial number of the farm on which each producer is located in 1939 and other information provided for in paragraph 4 of section 224 of Cotton 308-Part II, should appear in column 3. These entries need not be checked against other records in the State office, except as provided in paragraph 9 of section 408 of Cotton 308-Part IV. If no entry appears in column 3 for a producer and an entry appears in column 15, 17, 19, or 21, the State office should request the county office to furnish the farm serial number of the farm on which the producer was located in 1939, if any, so that the Form 361 may be checked as provided in paragraph 9 of section 408 of Cotton 308-Part IV.

4. Either the word "under" or "over" should appear on each line in column 4 on which a farm serial number appears in column 3.

5. The sum of the respective entries, if any, in columns 5, 9, 11, 14, 16, 18, and 20 for the farm should equal the entry in such column opposite the word "Total." If no entries are made in such columns for the farm, it will not be necessary to correspond with the county office since the poundage figures, rather than the number of bales, constitute the real basis for computations. If entries are made in such columns for the farm, the sum of the entries on the line opposite the word "Total" in columns 5 and 9 should be in agreement with the sum of the entries on such line in columns 11, 14, 16, 18, and 20.

6. The sum of the entries in column 6 for the producers on the farm should equal the entry in such column opposite the word "Total."

7. The sum of the entries in column 7 for the producers on the farm should equal the entry in such column opposite the word "Total."



8. Each entry in column 8 should equal the sum of the entries on the same line in columns 6 and 7.

9. The sum of the entries in column 10 for the producers on the farm should equal the entry in such column opposite the word "Total."

10. The sum of the entries in column 12 for the producers on the farm should equal the entry in such column opposite the word "Total."

11. The entry in column 13 for each producer on the farm should equal the entry for such producer in column 12 minus the entry for such producer in column 8. The entry in column 13 opposite the word "Total" will not necessarily equal the entry on the same line in column 12 minus the entry on the same line in column 8. The sum of the entries in column 13 for the producers on the farm should equal the entry in such column opposite the word "Total." If the entry in column 10 opposite the word "Total" is 1000 pounds or less, the words "No penalty" should be entered in column 13.

12. The sum of the entries for the producers on the farm in each of the columns 15, 17, 19, and 21 should equal the entry in the respective column opposite the word "Total."

13. The sum of the entries in columns 15, 17, 19, and 21 for each producer on the farm should equal the amount by which the sum of the amounts in columns 6 and 10 exceeds the entry in column 12 for such producer. [Comment: It may be that the landlord or operator of the farm purchased the shares in the cotton of the other producers and carried such cotton or a part thereof over into the 1939-1940 marketing year. In such event, the sum of the entries in columns 15, 17, 19, and 21 for all producers on the farm should equal the amount by which the sum of the amounts opposite the word "Total" in columns 6 and 10 exceeds the entry opposite the word "Total" in column 12.]

14. The sum of the entries in columns 12, 15, 17, 19 and 21 opposite the word "Total" should be in agreement with the sum of the entries in columns 6 and 10 opposite the word "Total" with the exception of a reasonable allowance for the difference between gin weights and warehouse or other weights.

15. The entry in column 22 for each producer on the farm should equal the entry for such producer in column 13 multiplied by 2 cents. The sum of the entries in column 22 for the producers on the farm should equal the entry in such column opposite the word "Total."



16. The sum of the entries for the producers on the farm in each of the columns 23, 24, 25, 27, and 28 should equal the entry for the respective column opposite the word "Total." The entry in column 26 opposite the word "Total" should equal the result obtained by subtracting the entry on the same line in column 23 from the entry on the same line of column 22. If any entry appears in column 24 opposite the word "Total" the entry in column 26 on the same line should equal the result obtained by subtracting from the entry on the same line in column 22 the entry on the same line in column 23, less the entry on the same line in column 24.

17. The entry in column 24 opposite the word "Total" should not exceed the amount by which the entry on the same line in column 23 exceeds the entry on the same line in column 22. If such entry in column 24 exceeds the amount by which the entry in column 23 exceeds the entry in column 22, an excessive refund was made to the producers on the farm, which must be accounted for in the unpaid penalties column.

18. The entry in column 26 opposite the word "Total," plus the entry on the same line in column 27, should equal the entry on the same line in column 22.

19. The sum of the entries opposite the word "Total" in columns 24, 25, and 27 should equal the entry on the same line in column 23.

20. The entry for each producer on the farm in column 26 should equal the amount by which the entry for such producer in column 22 exceeds the result obtained by subtracting the entry for such producer in column 24 from the entry for such producer in column 23. [Comment: In some cases this computation cannot be made for the reason that the entries in column 26 may have been arbitrarily adjusted so as to show each producer's pro rata share of the unpaid penalties. In this connection see 1939 Cotton Marketing Quota Letter No. 8]

21. Each producer on the farm for whom an entry appears in column 26 must be on the register of indebtedness for the amount shown for him in column 26 but not to exceed the amount in such column opposite the word "Total." [Comment: If a collection was made by setoff or otherwise after the Form 350 was executed, the supplemental Form 350 submitted monthly should show the revised status of the account after such collection was made.]

22. In some cases supplementary Forms 350 have been submitted. In such event the entries on such form will be considered as superseding the corresponding entries on the previous Form 350.



### B. Audit of County Totals

The totals of the columns on Form 350 (County total) should be examined and audited with respect to the following:

1. The total of each column should equal the sum of the farm totals in such column.
2. The total of column 13 multiplied by 2 cents should equal the total of column 22.
3. The total of column 23 minus the totals of columns 24, 25, and 28 should equal the total of column 22 minus the total of column 26.
4. The total of column 27 should equal the sum of the amounts shown on the Forms 259 received from the county plus the amounts of penalties incurred during the 1938-39 marketing year which were collected by setoff as shown on Standard Forms 1096, copies of which were forwarded to the Comptroller of the Agricultural Adjustment Administration.
5. The total of column 25 should equal the sum of the amounts shown on Forms 359 identified by the legends "1938 - Transfer" and "1938 - Escrow."
6. In some cases supplementary Forms 350 will have been submitted. In such event the entries on such supplementary form will be considered as superseding the corresponding entries on the previous Form 350 and will be used in verifying the county totals as provided in items 1 through 5 of this part B.

### C. Audit of State Totals

A Form 350, to be designated "Form 350A" and to be entitled "Summary Report by Counties of Farm Accounts - 1938-39 Marketing Year," shall be prepared, in duplicate, as of the close of business on December 31, 1940, in each State as follows:

1. Enter in column 2 the name of each county for which a Form 350 was prepared.
2. The heading of column 3 should be changed to read "Number of farm accounts." The entry to be made in the column for each county will be the number of farm accounts shown on the Form 350 for the county.



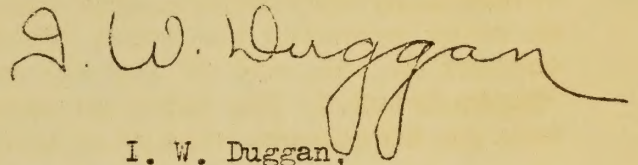
3. Make no entry in column 4.
4. Transpose the entries as verified in part B above and shown opposite the words "County Total" in columns 5 through 28 of the Form 350 for the county to the same columns of Form 350A on the line for the county.
5. On the last line of the last sheet in column 1 of Form 350A enter the words "State Total" and on the last line of the last sheet enter the sum of the entries in each respective column.
6. Enter in the space provided after the words "Total penalties paid (column 22 minus column 26)" the result obtained by subtracting the total of column 26 for all counties as shown opposite the words "State Total," from the total of column 22 for all counties as shown opposite the words "State Total."
7. Enter in the space provided after the words "Balance of collections (column 23 minus columns 24, 25, and 28 )" the result obtained by subtracting from the total of column 23 for all counties, as shown opposite the words "State Total," the sum of the entries in columns 24, 25, and 28 for all counties, as shown opposite the words "State Total." The entry so made should be the same as the entry made in accordance with item 6 above.
8. The entry in column 13 opposite the words "State Total" multiplied by 2 cents should equal the entry on the same line in column 22.
9. The entry in column 27 opposite the words "State Total" should equal the amount shown on Standard Forms 1044-Revised forwarded to the Acting Comptroller of the Agricultural Adjustment Administration, plus the amounts of penalties incurred during the 1938-39 marketing year and collected by setoff, as shown on Standard Forms 1096. This entry should also agree with the sum of the amounts shown for the State as having been remitted and collected by setoff on Form C-1123, "Statement with respect to Cotton Penalties remitted to the Office of the Comptroller," or, if it does not agree because of items in transit to the Comptroller, (checks schedules on Standard Form 1044-Revised or setoffs shown on Standard Form 1096) a statement should be attached explaining and identifying such items.
10. Form 350A shall be approved by the State committee, such approval to be signified by the secretary of the committee signing his name in the upper right corner of each sheet and entering the date of his signature.



11. The original of Form 350A shall be forwarded to the Director of the Southern Division, Agricultural Adjustment Administration, Washington, D. C. It will not be necessary to submit supplemental Forms 350A unless specifically called for by this Division. However, the records of the State office should be kept constantly in valance with the records of the county office and the office of the Comptroller.

Periodical reports on Forms 256-B should be discontinued. County offices should be advised to discontinue reports to the State office on Forms 256-A. Further supplemental Forms 350 need not be submitted to this Division.

The report on Form 350A prepared as of December 31, 1940, should be submitted to this office by January 15, 1941.

A handwritten signature in dark ink, reading "I. W. Duggan". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

I. W. Duggan,  
Director, Southern Division.

11. The original of Form 100 shall be forwarded to the Director of the Southern Division, Agricultural Research Administration, Washington, D. C. It will not be necessary to submit duplicate copies of Form 100 unless specifically requested by the Director. However, the records of the State Office should be kept constantly in volume with the records of the County Office and the Office of the Comptroller.

Expenditures on Form 100-5 should be distinguished. County Office should be advised in advance of requests for the State Office on Form 100-5. Expenditures on Form 100 need not be submitted to this Division.

The report on Form 100 should be prepared as of December 31, 1941, should be submitted to this Office by January 15, 1942.

J. V. Dwyer  
Director, Southern Division